

1 Padilla's insurer, is a Pennsylvania corporation with its principal
2 place of business in New York. Plaintiffs allege that defendant has
3 refused or otherwise failed to pay the state court judgment. In their
4 Second Amended Complaint filed in state court, Plaintiffs allege four
5 causes of action: 1) declaratory relief; 2) satisfaction and
6 enforcement of judgment; 3) breach of duty of good faith and fair
7 dealing; and 4) breach of Nevada insurance laws/statutory bad faith.
8 Defendant removed the action to this court on the basis of complete
9 diversity of the parties.

10 Pursuant to 28 U.S.C. § 1447(c), once a case is removed to
11 federal court, a motion to remand may be filed on the basis of any
12 defect other than lack of subject matter jurisdiction and must be made
13 within 30 days after the filing of the notice of removal under section
14 1446(a). Defendant filed its notice of removal on May 21, 2015 (#1).
15 Plaintiffs timely filed their motion to remand on June 8, 2015 (#7).

16 In their motion, Plaintiffs assert that because this case is an
17 insurance declaratory relief action inextricably related to the state
18 court case, the court has discretion to decline jurisdiction and
19 remand this action pursuant to the doctrine of abstention. Defendant
20 contends that the discretionary jurisdictional rule is inapplicable
21 because the declaratory relief claim is mixed with other, independent
22 causes of action. Additionally, defendant contends that even if the
23 doctrine of abstention were to apply in this case, remand would be
24 improper.

25 **Standards**

26 Under the Declaratory Judgment Act, 28 U.S.C. § 2201(a), district
27 courts have discretion to decline jurisdiction over actions seeking
28 declaratory relief in federal court. The exercise of jurisdiction

1 under the Declaratory Judgment Act "is committed to the sound
2 discretion of federal district courts." *Huth v. Hartford, Ins. Co.*
3 *of the Midwest*, 298 F.3d 800, 802 (9th Cir. 2002). In assessing
4 actions for declaratory judgment, "the normal principle that federal
5 courts should adjudicate claims within their jurisdiction yields to
6 considerations of practicality and wise judicial administration."
7 *Wilton v. Seven Falls Co.*, 515 U.S. 277, 288 (1995). Whether the
8 court should exercise its discretion to decline jurisdiction over a
9 declaratory judgment action is guided by the factors set forth in
10 *Brillhart v. Excess Ins. Co. of America*, 316 U.S. 491, 494-95 (1942).
11 See *Huth*, 298 F.3d at 803. *Brillhart* requires the court to consider
12 whether declining jurisdiction will (1) avoid needless determination
13 of state law issues; (2) discourage litigants from filing declaratory
14 actions as a means of forum shopping; and (3) avoid duplicative
15 litigation. *Id.* at 803.

16 However, the *Brillhart* factors do not apply when other claims
17 (e.g., bad faith, breach of contract, breach of fiduciary duty,
18 rescission, or other monetary relief) are joined with an action for
19 declaratory relief. *Gov't Emps. Ins. Co. v. Dizol*, 133 F.3d 1220,
20 1225-26 & n. 6 (9th Cir. 1998). "Claims that exist independent of the
21 request for a declaration are not subject to the Declaratory Judgment
22 Act's discretionary jurisdiction rule." *Snodgrass v. Provident Life*
23 *& Accident Ins. CO.*, 147 F.3d 1163, 1167 (9th Cir. 1998) (citing
24 *Maryland Cas. Co. v. Knight*, 96, F.3d 1284, 1289 & n. 6 (9th Cir.
25 1996)). Rather, such claims invoke the "virtually unflagging"
26 obligation to exercise jurisdiction. *First State Ins. Co. v. Callan*
27 *Assocs. Inc.*, 113 F.3d 161, 163 (9th Cir. 1997) (quoting *Colorado*
28 *River Water Conservation Dist. v. United States*, 424 U.S. 800, 817

1 (1995)). See also *Dizol*, 133 F.3d at 1225-26 & n. 6 (stating that, as
2 a general rule, the court should not remand when other claims are
3 joined with an action for declaratory relief).

4 In *Snodgrass*, the Ninth Circuit provided the following guidance
5 for courts seeking to determine whether jurisdiction over actions with
6 both declaratory and monetary claims remained discretionary or became
7 mandatory:

8 The appropriate inquiry for a district court in a
9 Declaratory Judgment Act case is to determine whether
10 there are claims in the case that exist independent of
11 any request for purely declaratory relief, that is,
12 claims that would continue to exist if the request for a
13 declaration simply dropped from the case.

14 *Snodgrass*, 147 F.3d at 1167-68. The Ninth Circuit later refined the
15 relevant question to be "whether the claim for monetary relief is
16 independent in the sense that it could be litigated in federal court
17 even if no declaratory claim had been filed." *United Nat'l Ins. Co.*
18 *v. R&D Latex Corp.*, 242 F.3d 1102, 1113 (9th Cir. 2001). "In other
19 words, the district court should consider whether it has subject
20 matter jurisdiction over the monetary claim alone, and if so, whether
21 the claim must be joined with one for declaratory relief." *Id.* at
22 1113.

21 **Analysis**

22 Plaintiffs' complaint asserts claims for both declaratory relief
23 and monetary damages. Applying the preceding principles, the motion
24 to remand fails. As an initial matter, defendant had a proper basis
25 for removal. The parties' citizenship is diverse for the purposes of
26 28 U.S.C. § 1332—plaintiffs are citizens of Nevada and defendant is
27 a Pennsylvania corporation with its principal place of business in New
28 York—and the amount in controversy exceeds \$75,000. See #1.

1 Plaintiffs do not dispute that defendant properly removed this case
2 pursuant to the court's diversity jurisdiction.

3 Plaintiffs' suit seeks damages, both actual and punitive, from
4 defendant for allegedly breaching the duty of good faith and fair
5 dealing and violating Nevada's Unfair Claims Practices Act. These
6 claims for damages are independent of the claims for declaratory
7 relief. While the claims may be related to the declaratory relief,
8 they are not dependent on the declaratory relief claims as they could
9 have been brought separately pursuant to the court's diversity
10 jurisdiction. *Chamberlain v. Allstate Ins. Co.*, 931 F.2d 1361, 1367
11 (9th Cir. 1991) (noting that the district court had to retain
12 jurisdiction over a bad faith suit filed with a declaratory relief
13 claim). As such, the claims "could be litigated in federal court even
14 if no declaratory claim had been filed."¹ *R&D Latex Corp.*, 242 F.3d
15 at 1113.

16 The court finds plaintiffs' attempts to distinguish *Snodgrass* and
17 the surrounding case law unavailing. Plaintiffs represent that "only
18 in a situation in which there was not a valid judgment against the
19 insured in a related case did the *Snodgrass* Court determin(e) that the
20 monetary claims were independent coercive claims." #14 at 10.
21 Plaintiffs argue that the court may decline jurisdiction because their
22 claims for breach of the duty of good faith and fair dealing and
23 violations of Nevada's Unfair Claims Practices Act are wholly
24 dependent on their claims for declaratory relief. *Id.* at 11.
25 Plaintiffs also assert that they did "not intend to bring independent
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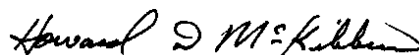
27 ¹ The parties have not presented evidence that would establish that the jurisdictional threshold
28 has been met in this action if the monetary claims were brought without the requested declaratory relief
claim. Nonetheless, the requested compensatory and punitive damages appear to meet the amount-in-
controversy requirement. *See* #1 at ¶¶ 3.5, 3.6, 4.5, 4.6, 4.7.

1 monetary claims . . . that are not dependent upon the declaratory
2 relief action." *Id.* at 11.

3 Under Nevada Unfair Claims Practices Act, NRS 686A.310, however,
4 an insurer is liable for engaging in certain unfair practices.
5 Plaintiffs seek damages against defendant for violations of NRS
6 686A.310 because defendant allegedly (1) misrepresented to insureds
7 or claimants pertinent facts or insurance policy provisions relating
8 to any coverage at issue, (2) failed to acknowledge and act promptly
9 upon communications with respect to claims arising under insurance
10 policies, (3) failed to adopt and implement reasonable standards for
11 the prompt investigation and processing of claims arising under
12 insurance policies, (4) failed to affirm or deny coverage of claims
13 within a reasonable time after proof of loss requirements have been
14 completed and submitted by the insured, (5) failed to effectuate
15 prompt, fair and equitable settlement of claims in which liability of
16 the insurer has become reasonably clear, and (6) failed to reference
17 in the original denial letter the specific policy provision, condition
18 or exclusion for the ultimate denial. #1 at 16. Thus, although the
19 question regarding coverage may be relevant, the bad faith claims seek
20 damages regardless of whether coverage is owed. Accordingly, because
21 the monetary claims "exist independent of the request for a
22 declaration," the motion to remand (#7) should be and is hereby
23 **DENIED**. *Snodgrass*, 147 F.3d at 1167-68.

24 IT IS SO ORDERED.

25 DATED: This 6th day of October, 2015.

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27 

28 UNITED STATES DISTRICT JUDGE